

Message Text

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ORIGIN COME-00

INFO OCT-01 ARA-06 ISO-00 EB-07 XMB-02 L-03 SP-02 AID-05

NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

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DRAFTED BY COM/OIC/OED/MEPD/TJASPER/CF

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COM/BIC/OED/MEPD/JMSANDS, DIZ.

COM/BIC/OIM (I'FO)

STATE/ARA/EP/FCORRY (PHONE)

EXIMBANK/DRAMBACH (DRAFT)

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R 180022Z OCT 75

FM SECSTATE WASHDC

TO AMEMBASSY LIMA

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E.O. 11652: N/A

TAGS: BEXP, PE

SUBJECT: CHIMBOTE STEEL EXPANSION

REF: A) LIMA 8219, 0) LIMA 7926

1. THE USG'S PRINCIPAL OBJECTIVE AT THIS STAGE IS
TO ASSIST USS ENGINEERS AND CONSULTANTS (UEC) OBTAIN
THE ENGINEER-ARCHITECT/PROJECT MANAGEMENT SERVICES
CONTRACT FOR THE CHIMBOTE EXPANSION. EXIM WOULD
INTERPRET THE SELECTION OF UEC FOR TECHNICAL ASSISTANCE
AS AN INDICATION THAT CHIMBOTE IS TAKING A RATIONAL
APPROACH TO ITS EXPANSION. WE CONCUR WITH EMBASSY
THAT FINANCING IS ONE OF THE KEY VARIABLES AFFECTING
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U.S. PARTICIPATION. EXIMBANK WILL STRIVE TO OFFER A

COMPETITIVE FINANCIAL PACKAGE.

2. DURING THE RUEDA/MEPD/U.S. INDUSTRY CONSULTATIONS I JUNE THE CONSENSUS WAS THAT CHIMBOTE DID NOT HAVE THE ENGINEERING CAPABILITY TO UNDERTAKE AN EXPANSION OF THIS MAGNITUDE. TO OVERCOME THIS PROBLEM IT WAS AGREED THAT THE USG SHOULD ENCOURAGE A COMPETENT ENGINEER TO BECOME INVOLVED. SUBSEQUENTLY UEC

RESPONDED AND AS EMBASSY AWARE THEY SENT KEY EXECUTIVES TO LIMA ON A NUMBER OF OCCASIONS FOR DISCUSSIONS WITH SIDERPERU. UEC RECENTLY SIGNED A CONTRACT TO SUPPLY A CONSULTANT TO ASSIST THE DIRECTORS OF SIDERPERU FOR ONE MONTH IN SCOPING THE EXPANSION PROGRAM. THEY HAVE ALSO AGREED TO SEND A TEAM, AT THEIR EXPENSE, TO PROVIDE TECHNICAL OPERATING ASSISTANCE.

3. UEC DISCUSSED AN ENGINEER-ARCHITECT/PROJECT MANAGEMENT CONTRACT WITH SIDERPERU DURING THEIR LAST VISIT AND RECEIVED POSITIVE FEEDBACK. HOWEVER, THEY UNDERSTAND THAT SIDERPERU IS ALSO CONSIDERING PROPOSALS FROM THE JAPANESE AND GERMANS FOR ENGINEERING SERVICES. OUR PREVIOUS EXPERIENCE INDICATES THAT UEC'S INVOLVEMENT WILL GREATLY IMPROVE THE OPPORTUNITIES FOR U.S. PARTICIPATION IN THIS PROGRAM AND THEREFORE, WE FEEL USG RESOURCES SHOULD BE DIRECTED TOWARD SUPPORTING THEIR PROPOSAL.

4. WE CAN ASSURE EMBASSY THAT MEPD AND EXIMBANK ARE COORDINATING FULLY ON THIS PROJECT.

5. KEITHASCOUGH IS THE HEAD OF THE CANADIAN OPERATIONS FOR WEAN UNITED AND DOES NOT HAVE DIRECT INVOLVEMENT WITH EITHER EXIMBANK OR COMMERCE/MEPD. HE DOES, HOWEVER, HAVE GOOD CONTACT WITH EDC, CANADA'S OFFICIAL EXPORT SUPPORT AGENCY.
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